

AMENDED IN SENATE JUNE 1, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2570

Introduced by Assembly Member Quirk

February 19, 2016

An act to amend ~~Section 314.5 of~~ Sections 873 and 879 of, and to add Section 878.5 to, the Public Utilities Code, relating to the ~~Public Utilities Commission~~ telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 2570, as amended, Quirk. ~~Public Utilities Commission: inspection and audit of books and records.~~ Telecommunications: universal service: wireless communications.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. The Moore Universal Telephone Service Act establishes the Universal Lifeline Telephone Service program in order to provide low-income households with access to affordable basic residential telephone service. The act requires the commission to annually designate a class of lifeline service necessary to meet minimum communications needs. The act requires that a lifeline telephone service subscriber be provided with one lifeline subscription, as defined by the commission, at his or her principal place of residence.

This bill would specify that minimum communication needs includes wireless communications. The bill would prohibit the commission from reimbursing a telephone corporation for a reimbursement claim for providing wireless lifeline service to a new subscriber who enrolls for service with the telephone corporation if the subscriber enrolled for wireless lifeline service with another telephone corporation within the

previous 60 days. The bill would require the commission to reimburse a telephone corporation providing wireless lifeline service within 60 days of the date the telephone corporation submits a reimbursement claim. If the commission does not reimburse a telephone corporation for a reimbursement claim for wireless lifeline service within 60 days, the bill would require the commission to pay all of the costs of the telephone corporation resulting from the late reimbursement, including, but not limited to, financing fees, interest payments, and staff time.

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities and can establish its own procedures, subject to statutory limitations or directions and constitutional requirements of due process. The Public Utilities Act requires the commission to inspect and audit the books and records of certain public utilities, at specified intervals, for regulatory and tax purposes. Existing law requires reports of these inspections and audits and other pertinent information to be furnished to the State Board of Equalization for use in the assessment of public utilities.~~

~~This bill would delete the requirement that reports of the inspections and audits and other pertinent information be furnished to the State Board of Equalization.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 873 of the Public Utilities Code is
2 amended to read:

3 873. (a) The commission shall annually do all of the following:

4 (1) Designate a class of lifeline service necessary to meet
5 minimum communications—needs. needs, including wireless
6 communications.

7 (2) Set the rates and charges for that service.

8 (3) Develop eligibility criteria for that service.

9 (4) Assess the degree of achievement of universal service,
10 including telephone penetration rates by income, ethnicity, and
11 geography.

12 (b) Minimum communications needs includes, but is not limited
13 to, the ability to originate and receive calls and the ability to access
14 electronic information services.

1 *SEC. 2. Section 878.5 is added to the Public Utilities Code, to*
2 *read:*

3 878.5. *The commission shall not reimburse a telephone*
4 *corporation for a reimbursement claim for providing wireless*
5 *lifeline service to a new subscriber who enrolls for service with*
6 *the telephone corporation if the subscriber enrolled in wireless*
7 *lifeline service with another telephone corporation within the*
8 *previous 60 days.*

9 *SEC. 3. Section 879 of the Public Utilities Code is amended*
10 *to read:*

11 879. (a) The commission shall, at least annually, initiate a
12 proceeding to set rates for lifeline telephone service. All telephone
13 corporations providing lifeline telephone service shall annually
14 file, on a date set by the commission, proposed lifeline telephone
15 service rates and a statement of projected revenue needs to meet
16 the funding requirements to provide lifeline telephone service to
17 qualified subscribers, together with proposed funding methods to
18 provide the necessary funding. These funding methods shall include
19 identification of those services whose rates shall be adjusted to
20 provide the necessary funding.

21 (b) The commission shall commence a proceeding within 30
22 days after the date set for the filings required in subdivision (a),
23 giving interested parties an opportunity to comment on the
24 proposed rates and funding requirements and the proposed funding
25 methods. The commission may change the rates, funding
26 requirements, and funding methods proposed by the telephone
27 corporations in any manner necessary, including reasonably
28 spreading the funding among the services offered by the telephone
29 corporations, to meet the public interest. Within 60 days of the
30 annual filing, the commission shall issue an order setting lifeline
31 telephone service rates and funding methods for each telephone
32 corporation making a filing as required in subdivision (a). The
33 commission may establish a lifeline service pool composed of the
34 rate adjustments and surcharges imposed by the commission
35 pursuant to this section for the purpose of funding lifeline telephone
36 service.

37 (c) Any order issued by the commission pursuant to this section
38 shall require telephone corporations providing lifeline telephone
39 service to apply the funding requirement in the form of a surcharge
40 to service rates which may be separately identified on the bills of

1 customers using those services. The commission shall not allow
2 any surcharge under this section on the rates charged by those
3 telephone corporations for lifeline telephone service.

4 (d) The commission shall permit telephone corporations
5 operating between service areas to adjust the rates of any service
6 which may be affected by any surcharge imposed by this section.

7 (e) *The commission shall reimburse a telephone corporation*
8 *providing wireless lifeline service within 60 days of the date the*
9 *telephone corporation submits a reimbursement claim. If the*
10 *commission does not reimburse a telephone corporation for a*
11 *reimbursement claim for wireless lifeline service within 60 days,*
12 *the commission shall pay all of the costs of the telephone*
13 *corporation resulting from the late reimbursement, including, but*
14 *not limited to, financing fees, interest payments, and staff time.*

15 ~~SECTION 1. Section 314.5 of the Public Utilities Code is~~
16 ~~amended to read:~~

17 ~~314.5. The commission shall inspect and audit the books and~~
18 ~~records for regulatory and tax purposes (a) at least once in every~~
19 ~~three years in the case of every electrical, gas, heat, telegraph,~~
20 ~~telephone, and water corporation serving over 1,000 customers;~~
21 ~~and (b) at least once in every five years in the case of every~~
22 ~~electrical, gas, heat, telegraph, telephone, and water corporation~~
23 ~~serving 1,000 or fewer customers. An audit conducted in~~
24 ~~connection with a rate proceeding shall be deemed to fulfill the~~
25 ~~requirements of this section.~~